

E-Payments **411**

Leveraging the State's Credit & Debit Card Payment Processing QPA

*Value***Payment***Systems*

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INTRODUCTIONS

Value Payment Systems

Todd Christensen

Channel Management

Office: (615) 730-6367 x306

Direct: (770) 904-1591

tchristensen@valuepaymentsystems.com

www.valuepaymentsystems.com

www.valuepaymentsystems.com/indiana/qpa

Matt Bernstein

Education & Property Management

Direct: (216) 904-2969

mbernstein@valuepaymentsystems.com

www.valuepaymentsystems.com

www.valuepaymentsystems.com/indiana/qpa

Indiana Department of Administration

Gina Kerr

Indiana Department of Administration

Office: (317) 234-4998

gkerr@idoa.in.gov

www.in.gov/idoa/2835.htm

www.oneindiana.net

www.k12indiana.com

Today's Participants

Tell us about you.

The Rush to E-Payment

This should surprise no one...

Nearly 80 percent of all U.S. non-cash payments are now electronic, according to the Federal Reserve's 2010 Payments Study.

American consumers and billpayers continue to express their preference for paying electronically, pushing the steep decline of paper checks. In 2001, paper checks accounted for approximately 60 percent of non-cash payments. Today they account for only about 20 percent.

At the same time, financial reform has driven transaction fees lower—especially debit card transaction fees—helping shape the new payments landscape.

Value Payment Systems

About Us

Value Payment Systems (VPS) is a PCI compliant provider of electronic payment solutions to government at the federal, state, and local levels, as well as to business. Our e-payment platform is designed to offer a full range of payment options—web, phone/IVR, live agent, and point of sale (POS)—and is built on our overall objective to offer easy-to-use, reliable, no-cost to government payment acceptance.

VPS continually explores new e-payment functionalities, access channels, and payment methods that meet the increasing preference for paperless billing and lower costs for both clients and billpayers.

VPS is a registered e-payment services provider included on the list of current QPAs administered by the Department of Administration Procurement Division.

VPS is a privately held company based in Nashville, TN.

*Value***Payment***Systems*



Market Segments We Serve



Government

VPS no-cost to government, e-payment solutions are used by all levels of government—federal, state, and local, across the country—to accelerate revenue collection and improve cash flow.

Utilities

VPS offers public and private utility companies convenient and money-saving e-payment solutions that reduce the cost of payment collections and improve the customer experience.



Child Support

An innovative application of the VPS e-payment model for the IRS, state, and local government, childsupportbillpay.com is a simple, convenient, low fee, and secure online solution for accepting child support payments.



Property Management

VPS provides property owners and property management companies with robust, cost-effective e-payment solutions that billpayers find convenient and attractive.



Educational Institutions

For educational institutions, VPS offers a low-cost way to accept credit and debit card payments on their websites that help universities and schools recover the direct costs charged by credit card companies.

Our Services



Payment Types

Credit and Debit Cards

MasterCard, Visa, Discover, American Express, Bill Me Later and ATM/debit cards (STAR, NYCE, Pulse, Accel, etc.).

Electronic Checks

Taxpayers can make various government payments online through their checking account by providing account and routing numbers.



Payment Methods

Internet

Real-time electronic payment services are available to billpayers 24/7/365. For clients, real-time back-end integration services and bill presentment capabilities are available.

Point-of-Sale (In-Office)

Proprietary and patent-pending terminals and kiosks allow acceptance of credit card and debit card payments in-office, with or without a convenience fee.

Phone/IVR

Easy-to-use, touch-tone IVR payment services for billpayers who prefer to pay by the phone.

Live Agent

Billpayers can make payments with the assistance of a multilingual customer care representative.

Our Services

Payment Services

Funding Options

We provide a variety of aggressively priced fixed convenience fee and percentage-based convenience fee programs.

Merchant Funded

e-payment funding solution where the merchant absorbs the cost of processing for each transaction.

Convenience Fee Funded

e-payment funding solution where the billpayer absorbs the cost of processing for the electronic payment transaction in the form of a convenience fee.

Low Cost Debit Card Fees

Recent legislated changes in debit card fee structures have made it possible to offer billpayers a low cost alternative to sliding-scale credit card payments.

Scheduled Payments

Billpayers can set up payments to be processed on a specific date at a specific time for a specified number of recurring times.

Transaction Reporting

VPS offers clients a choice to receive transaction data in .csv or .xls files, daily, monthly and/or annually—or instantly, 24/7, via web access to transaction data.

Accreditations & Certifications

PCI DSS Level I Certification

Value Payment Systems, LLC, is a PCI DSS Level I Service Provider and is listed on Visa's Global Registry of Service Providers.

HIPAA Security Rule Compliance

VPS is compliant with the safeguards and procedures required by the HIPAA Security Rule.

Payment Channels

VPS offers clients a range of options for accepting payments, and we continue to innovate and develop new industry leading solutions for our clients.



Web Payments

Our standard and customized payment applications allow you to collect payments 24/7/365. Our solutions include the capabilities for real-time, back-end integration and bill presentment providing a seamless payer experience and user-friendly interface.



Mobile Payments (Smartphone)

Our new consumer mobile payment application utilizes the mobile web browser on most smartphones and tablets (i.e. Android, iPhone, iPad, etc.) and allows payment acceptance in the same manner as our Web Payments application.



Kiosk Payments (Coming Soon)

Our new and innovative kiosk payment solution utilizes the latest technologies and hardware to provide a simple, space-saving, self-service payment kiosk for billpayers to use in-office with or without assistance.

Convenience Fee Funding v. Merchant Funding

A **Convenience Fee model** is one in which the billpayer is charged a fee for the convenience of being able to make a payment using a payment channel that is outside of the normal or accustomed payment acceptance method for a particular transaction. In this model, the payer/constituent convenience fee is charged to cover the cost of electronic payment acceptance resulting in no direct transaction cost to the biller.

A **Merchant Funded model** is one in which the biller absorbs the electronic payment acceptance fees associated with each transaction made by the billpayer.

A Convenience Fee, as defined by Visa Inc., is:

- Charged for a bona fide convenience in the form of an alternative payment channel outside of a Merchant's customary payment channels.
- Disclosed to the cardholder as a charge for utilizing the convenience of the alternative payment channel , and prior to the completion of the transaction.
- Can only be imposed in a flat or fixed amount, regardless of the payment value.
- Applicable to all forms of payment accepted in the alternative payment channel.

The Visa Government and Higher-Education Payment Program enables select government and higher-education merchants to accept Visa cards in all payment channels and assess a variable service fee.

Our Selected Clients

ValuePaymentSystems As a national provider of electronic payment services, VPS serves clients at all levels of government and corporate billers. As such, a few of our Indiana clients include:



Avon Community Schools
Clerk of Courts
Dept of Administration
Dept of Child Services
Dept of Homeland Security
Dept of Natural Resources
DNR - Museum
DNR - Inns
IN Historical Bureau
INDOT
IN War Memorial
Lt. Governor's Office
Public Defender Council
PEN Products
Secretary of State
Dept of Workforce Development
Dept of Labor
Indianapolis Airport Authority
IN Arts Center
IN Elections Commission

PCI Compliance

What Is PCI?

PCI Security Standards Council – The Payment Card Industry Security Standards Council, or PCI SSC is an open global forum, launched in 2006, that develops, maintains and manages the PCI Security Standards, which include the Data Security Standard (DSS), Payment Application Data Security Standard (PA-DSS), and PIN Transaction Security (PTS) Requirements. The council was developed by the leading global payment brands – Visa Inc., MasterCard Worldwide, American Express, Discover Financial Services, and JCB International.

www.pcisecuritystandards.org

Level / Tier	Merchant Criteria	Validation Requirements
1	Merchants processing over 6 million Visa transactions annually (all channels) or Global merchants identified as Level 1 by any Visa region 2	<ul style="list-style-type: none">• Annual Report on Compliance (“ROC”) by Qualified Security Assessor (“QSA”) or Internal Security Assessor (“ISA”) if signed by officer of the company• Quarterly network scan by Approved Scan Vendor (“ASV”)• Attestation of Compliance Form
2	Merchants processing 1 million to 6 million Visa transactions annually (all channels)	<ul style="list-style-type: none">• Annual Self-Assessment Questionnaire (“SAQ”)• Quarterly network scan by ASV• Attestation of Compliance Form
3	Merchants processing 20,000 to 1 million Visa e-commerce transactions annually	<ul style="list-style-type: none">• Annual SAQ• Quarterly network scan by ASV• Attestation of Compliance Form
4	Merchants processing less than 20,000 Visa e-commerce transactions annually and all other merchants processing up to 1 million Visa transactions annually	<ul style="list-style-type: none">• Annual SAQ recommended• Quarterly network scan by ASV if applicable• Compliance validation requirements set by merchant bank

(Source – Visa Inc.)

The VPS e-Payment Platform allows us to absorb a significant portion of PCI compliance through our hosted payments approach, therefore minimizing the time and cost of PCI compliance for our clients .

Value Payment Systems, LLC is a PCI DSS Level I Service Provider and is listed on Visa’s Global Registry of Service Providers.

Marketing Services

FREE Adoption Marketing Program

VPS provides all clients with marketing services to promote billpayer usage through increased awareness.

Our in-house marketing team works with you to develop targeted campaigns and customized materials—both web and electronic and print materials.

Examples include:

- “Make a Payment” links
- Banner Ads
- Web Advertising
- Keyword Search Optimization
- Email
- Statement Inserts/Statement Messages
- Statement/Invoice Redesign
- Print Ads
- Direct mail flyers
- Press Releases

The image displays two examples of marketing materials for paylocalgov.com. The top material is a banner ad with a green border. It features the paylocalgov.com logo on the left and a 'Partner Logo' placeholder on the right. The main text reads 'Think... Before you write a check!' in white on a dark blue background, followed by 'Now pay your anytown utilities online with a debit or credit card!' in smaller white text. Below this is a photo of a woman holding a glowing lightbulb. The bottom material is a flyer with a green border. It has a green header with the text 'Free to your Utility Department'. Below this is a dark blue section with the text 'Reduce Billing Costs & Improve Cash Flow' and 'no pen * no check * no envelope * no stamp'. This is followed by four icons with red X's over them: a pen, a check, an envelope, and a stamp. Below the icons is a table comparing credit card and Visa Debit Card convenience fees. The credit card fee is 'As low as \$1.95 fixed fee' (with a note 'Convenient and money-saving, real-time e-payment solutions for public & private utilities companies from Value Payments'). The Visa Debit Card fee is '\$3.95 fixed fee' (with a note '6% of your payment total'). At the bottom, there are logos for MasterCard, VISA, DISCOVER, and AMERICAN EXPRESS, and the URL 'paylocalgov.com/anytown'.

paylocalgov.com | Partner Logo

Think... Before you write a check!
Now pay your anytown utilities online with a debit or credit card!

Free to your Utility Department

Reduce Billing Costs & Improve Cash Flow
no pen * no check * no envelope * no stamp

Convenient and money-saving, real-time e-payment solutions for public & private utilities companies from Value Payments

As low as **\$1.95** fixed fee

Credit Card convenience fee
6% of your payment total

Visa Debit Card convenience fee
\$3.95 fixed fee

MasterCard VISA DISCOVER AMERICAN EXPRESS

systems | paylocalgov.com/anytown

The image shows a marketing material for payORTax.com. It features a photo of a smiling couple sitting on a couch, looking at a laptop. The text 'payORTax.com' is prominently displayed. Below the photo, there is a table comparing credit card and debit card convenience fees. The credit card fee is '2.25% of your payment total' and the debit card fee is '\$3.75 flat fee'. At the bottom, it says 'Convenient. Fast. Easy.' and 'Avoid late fees, check writing, stamps, or a midnight trip to the P.O. Take advantage of credit card reward point programs.'

payORTax.com
Tax payments made easy.

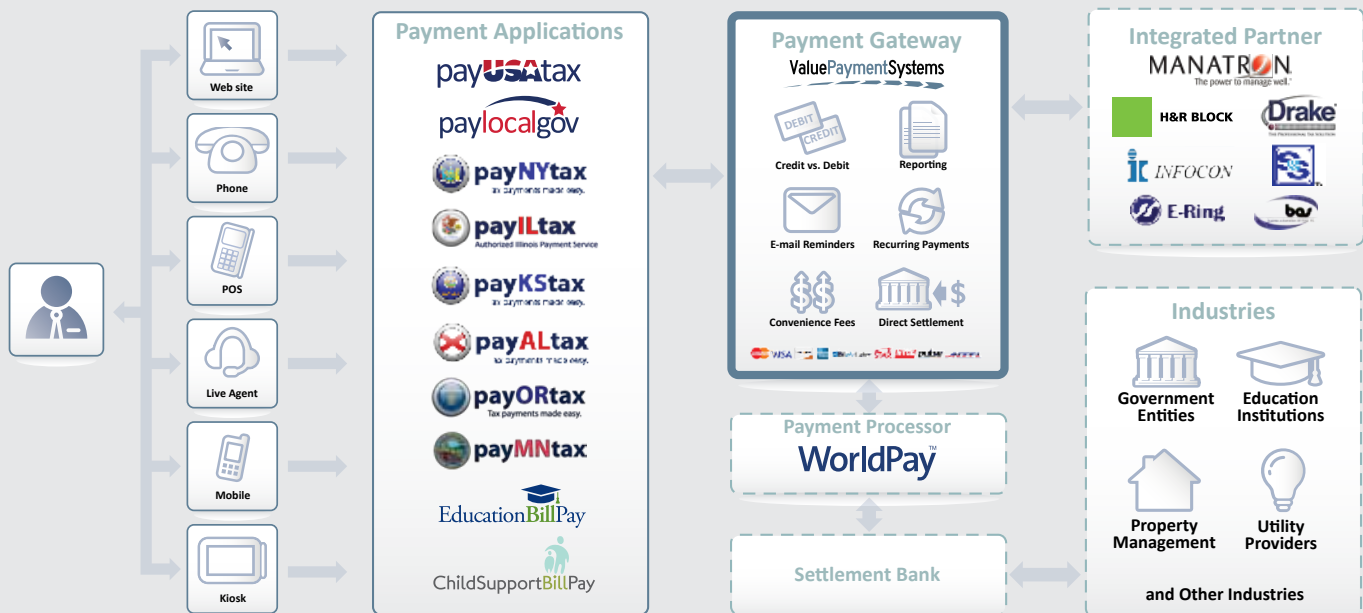
Credit Card convenience fee
2.25% of your payment total

Debit Card convenience fee
\$3.75 flat fee

Convenient. Fast. Easy.
Avoid late fees, check writing, stamps, or a midnight trip to the P.O.
Take advantage of credit card reward point programs.

Our Proprietary E-Payments Platform

The VPS e-Payments Platform has been specifically designed to serve government clients' needs for payment processing, and the unique needs present in this market. Below is a diagram that illustrates how our platform functions with the various market/client specific Payment Applications, our payment gateway, integrated partners, and our direct connection to our premier processing partner, WorldPay.



Stand Alone Applications

Bill Presentment

With bill presentment, the client provides Value Payment Systems with the billing records that customers access by providing a unique identifier (address, social security number, account number, etc.). Customers then choose a payment from a drop down box and enter their unique identifier. At this point, the bill will be presented. Once customers review their bill, they can enter their credit/debit card information to make a payment. They have the opportunity to review the transaction before submitting payment. When they do, they receive a confirmation number and a receipt acknowledging that payment has been credited to their account.

End-User Validated

Once customers enter their credit/debit card information, they have the opportunity to review all entered information and confirm it's correct before submitting payment. When payment is submitted, customers receive a confirmation number and receipt, and the client receives the full amount due.

Application Programming Interface

Gateway API

These web applications are reserved for clients or partners who have PCI compliant applications or sites. In this case, Value Payment Systems acts as a gateway to and from the bank. A partner ID, username, and password are provided to the client/partner. The client/partner performs all of the software and site development.

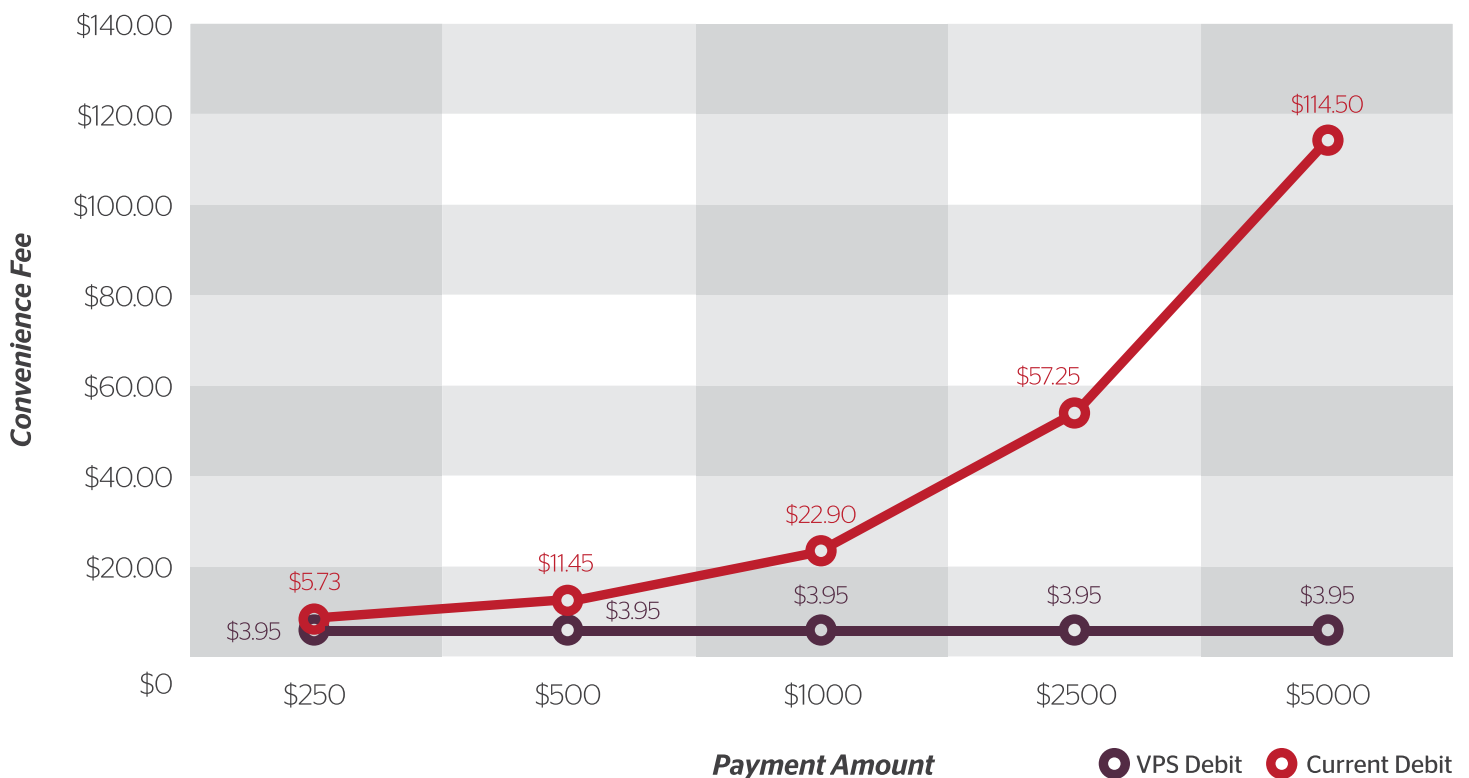
Integrated API

When a client or partner is not PCI compliant, but has every other aspect of our bill presentment process already in place, Value Payment Systems can provide the back end bill payment application. The client/partner provides all of the front-end design and software and then Value Payment Systems will seamlessly integrate with that software to provide a payment option. Customers visit the client/partner site and then are directed to the VPS payment site for the final step in the process, which consists of the biller information, a review page, and a receipt page.

Debit Specific Processing

Payer/Constituent Convenience Fee Savings

The following chart represents billpayer savings related to debit specific tax payment processing. Debit cards can be separated from credit cards and processed at lower and special interchange rates.



QPA Overview

VALUE PAYMENT SYSTEMS - QPA#12949

Program Overview

The Credit Card Payment Processing Services program is designed for state entities and other governmental entities to accept credit and debit cards and e-Checks as a form of payment method. Offering payment acceptance through payment channels of website acceptance (WEB), Interactive Voice Response (IVR), and Point-of-Sale (POS), state entities utilizing this agreement can further service their patron with convenient payment options.

- **Contract Number:** ASA-3-12949
- **Contractor:** Value Payment Systems LLC
- **Contract Period:** 10/21/2012-10/31/2014

Initial Interest and Program Management

As a state entity or other governmental entity, if interested in discussing this program, please contact Gina Kerr with the Indiana Department of Administration at 317-234-4998 or gkerr@idoa.in.gov

State Contact











Gina Kerr, Indiana Department of Administration
gkerr@idoa.in.gov or 317-234-4998

Summary

The Contractor shall provide Point-of-Sale (POS)/In-Store acceptance both swipe and key entry, Interactive Voice Response (IVR)/Pay by Phone, Website Acceptance (WEB)/Online Entry, and any other methods for completing credit card and e-Check transactions with the required functionality and security. The Contractor shall provide the services/functions for accepting, validating, and processing the following, Authorizations, Settlement, Full or Partial Refunds, Credit Cards (VISA, MasterCard, American Express, and Discover), PIN based/less & Signature Debit Cards, Electronic Checks, Guaranteed Electronic Checks, Transaction Status, Heart Beat/System Check, as well as any specialty cards that may be requested by the State. The Contractor shall also process all major debit networks. The Contractor shall process both one-time ACH payments and recurring ACH payments over the WEB and IVR. These requirements shall be met per each Entity's specifications documented in the Entity's Statement of Work (SOW).

Key Performance Metrics (KPI) & Scorecard

The State and VPS have agreed upon Key Performance Indicators (KPI) and Performance Metrics, and VPS is responsible for presenting the agreed upon reporting to the State at the Quarterly Business Review (QBR), as well as, anytime upon the State's request.

ACCOUNT SERVICE PERFORMANCE SCORECARD																			
Value Payment Systems, LLC			Quarter / Period of Review:																
Site Scorecard: (Enter Using Agency location here)			Date Review Completed:																
CLIENT SATISFACTION																			
CLIENT SERVICE REVIEW PROCESS (SEE SCALE BELOW) Insert check in box						7	6	5	4	3	2	1							
1. How consistent and reliable service is the VPS processing service?																			
2. How responsive is our company?																			
3. How would you rate the professionalism of the employees at our company?																			
4. How do you rate our customer support and response time?																			
5. How closely did our company follow your project timeline?																			
6. Overall, are you satisfied with the employees at our company?																			
7. How do you rate our products and services and did they meet your needs and expectations regarding quality and performance?																			
8. Compared to prior vendors, how would you rate our product quality?																			
9. How do you rate our payment processing marketing assistance?																			
10. How likely are you to recommend our company to other departments/people you know?																			
7 Always Exceeds Expectations		6 Frequently Exceeds Expectations		5 Sometimes Exceeds Expectations		4 Meets Expectations		3 Sometimes Meets Expectations		2 Rarely Meets Expectations		1 Never Meets Expectations							
<table border="1"> <tr> <td>Rang e</td> <td></td> <td>On Target</td> <td></td> <td>Below Expectation</td> <td></td> <td>Far Below Expectation</td> </tr> </table>													Rang e		On Target		Below Expectation		Far Below Expectation
Rang e		On Target		Below Expectation		Far Below Expectation													
CATEGORY						RANGE		SITE PERFORMANCE RESULTS / COMMENTS											
CONTRACT PERFORMANCE																			
FINANCIAL PERFORMANCE						Comments:													
Contractor settles funds to State designated back account within 48 hours.																			
# of Billing discrepancies: (#)																			
TECHNICAL/CS PERFORMANCE						Comments:													
Performance Metrics shown in Exhibit D tracked through overall contract performance with VPS and State Account Manager. Using Agency to report any incidents with supportive detail.																			
INCIDENT REPORTING						Comments:													
# of major incidents reported (#)																			
Reviewed by:						Date		Submitted by:		Date									
Agency Representative								Value Payment Systems, LLC											

Key Performance Metrics (KPI) Reporting

In the most recent 2013 Quarterly Business Review (QBR), the VPS KPI Scorecard results were as follows:

7 Always Exceeds Expectations	6 Frequently Exceeds Expectations	5 Sometimes Exceeds Expectations	4 Meets Expectations	3 Sometimes Meets Expectations	2 Rarely Meets Expectations	1 Never Meets Expectations
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Client Satisfaction	QBR2 Average
1. How consistent and reliable is the VPS processing service?	6
2. How responsive is our company?	6.43
3. How would you rate the professionalism of the employees at our company?	6.85
4. How would you rate our customer support and response time?	6.46
5. How closely did our company follow your project timeline?	6.46
6. Overall, are you satisfied with the employees at our company?	6.36
7. How do you rate our products and services and did they meet your needs and expectations regarding quality and performance?	6.07
8. Compared to prior vendors, how would you rate our product quality?	6.36
9. How do you rate our payment processing marketing assistance?	6.18
10. How likely are you to recommend our company to other departments/people you know?	6.38

Entities Currently Using the QPA

As of September 1, 2013 the following entities are participating in the VPS QPA, with others engaged in the project planning and implementation phases:

<i>Transition Date</i>	<i>Entity</i>
11/8/2012	Avon Community Schools
11/8/2012	Clerk of Courts
11/8/2012	Dept of Child Services
11/8/2012	Dept of Homeland Security
11/8/2012	Dept of Natural Resources
11/8/2012	DNR – Museum (POS/API)
11/8/2012	DNR – Inns (POS/API)
11/8/2012	IN Historical Bureau
11/8/2012	INDOT
11/8/2012	IN War Memorial
11/8/2012	Lt. Governor’s Office
11/8/2012	Public Defender Council
11/8/2012	PEN Products
11/8/2012	Secretary of State
5/20/2013	Dept of Workforce Dev
5/6/2013	Dept of Labor
3/26/2013	Indianapolis Airport Auth
2/22/2013	IN Arts Center
4/12/2013	IN Elections Commission

Payments 101

Credit & Debit Payments

When a consumer uses a credit or debit card, it sets in motion a series of electronic processes between different parties. Each participant in the card payment transaction process has a different role. They include:

Cardholder

Cardholders are consumers to whom an issuer has issued a bankcard. Cardholders can use the bankcard to purchase goods and services from merchants or get a cash advance from an ATM.

Merchant

Merchants accept credit card payments for their goods and services. At the point of sale, merchants capture credit card information through manual entry or electronic capture (i.e., POS terminal, mobile reader e-commerce shopping cart).

Acquirer

Often referred to as “merchant banks,” acquirers are financial institutions that collect authorization requests from acceptors (e.g., ATMs, merchants) and process card transactions.

An **acquiring bank** may provide processing services to merchants, or contract with third-parties to provide these services. An acquirer is responsible to the card associations for the actions of its processors.

Acquiring processors solicit merchants and accept or deny them in accordance with their risk underwriting policy.

An Independent Sales Organization, or **ISO**, is a third-party company that partners with a bank or acquiring processor to sell their services.

Issuer

The issuer is a bank or other financial institution that issues bankcards to qualified applicants. The issuer offers credit to a cardholder up to a specific limit (e.g., \$5,000). The card issuer literally lends the consumer credit to make purchases. To compensate for the risk, the issuer imposes finance charges. The issuer also produces monthly cardholder statements and collects payment from the cardholder.

Issuers are subject to Federal regulation and therefore are governed by rules and regulations regarding the issuance of consumer credit. There are two types of issuers:

A **bank issuer** offers card association-branded payment cards directly to consumers. The issuing bank assumes primary liability for the consumer’s ability to pay any debts incurred through the use of the card. Secondary liability is shared by the acquiring bank according to card association rules and Federal regulations. A non-bank issuer is a financial services company (e.g., American Express, Discover) that issues credit cards to consumers. They do not issue “bankcards.”

Payments 101 (cont.)

Card Association

A card association is an electronic network such as MasterCard, Visa or Discover that exchanges data relating to the value of card sales and credits among issuers and acquirers. The association establishes and enforces operating rules and regulations. It also authorizes card use at point-of-sale and transfers funds between the merchant's bank and the cardholder's bank. A card association does not set credit limits, card fees or interest rates, and it does not issue cards.

Network

A debit or credit network is a transaction-clearing communications system that handles electronic authorizations, clearing, and settlement between cardholders, merchants, member banks, etc.

Interchange

When a transaction is made using a credit card, in addition to processing fees, most major card associations (e.g., MasterCard, Visa) charge an interchange fee for processing the transaction. The fee is based on how the transaction is sent and the type of account the merchant has. Usually stated as a percentage of the total bill plus a flat cost per transaction, this fee covers the costs and time associated with transferring funds to the merchant bank and the billing information to the issuing bank.

The interchange fee is contingent upon many factors, such as how the transaction was authorized and the time required to process a transaction. However, as a general rule:

- The faster and more automated the transaction, the lower the fee.
- The lower the issuer's risk, the lower the rate.

Authorization & Settlement

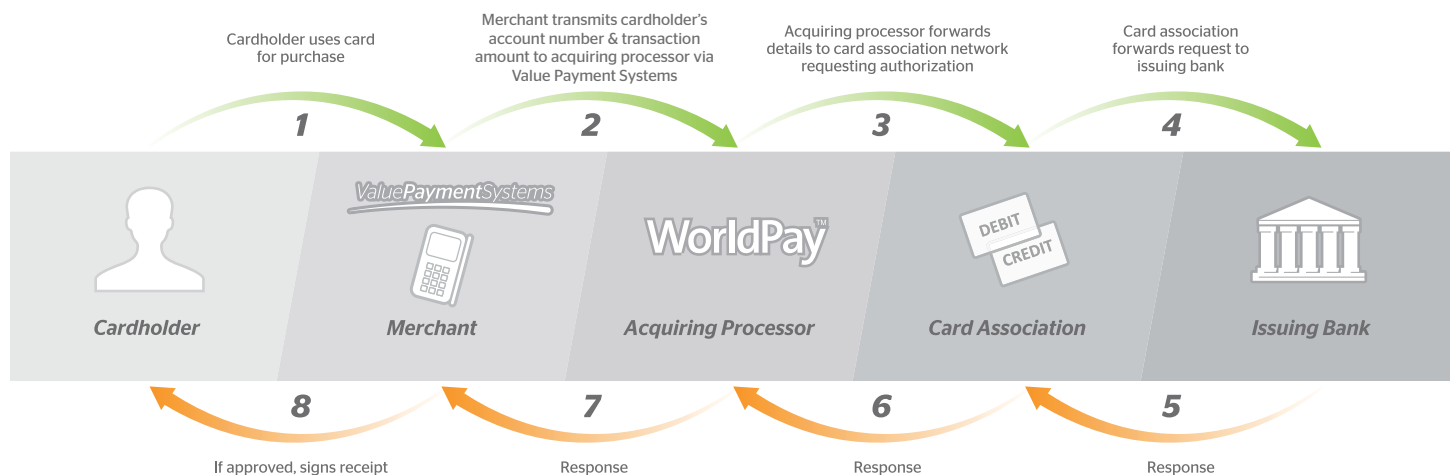
Transaction processing involves a number of electronic steps. Transactions must be authorized for the sale to complete, and settled for payments to reach the various players:

- **Authorization** refers to the request for, and approval or denial of, electronic payment services.
- **Settlement** refers to the process that calculates and distributes credit card transaction funds between the merchant, network, acquirer, issuer, and cardholder.

Payments 101 (cont.)

Authorization

The authorization process begins when a merchant sends an authorization request to the card issuer, asking the issuer to approve a financial transaction with the cardholder. The following diagram details the steps of a typical authorization:



When a cardholder uses a credit or debit card to purchase a good or service, the merchant electronically or manually captures card details (e.g., card number). The card details and the amount of the transaction is passed to the acquiring processor (e.g., VPS to WorldPay), then the card associations network and finally the issuing bank for authorization. A reply (approved or denied) is then sent back to the merchant. If the authorization is approved, the merchant presents a receipt to the cardholder to complete the sale.

Card authorization differs according to the type of card:

- Debit cards access a depository bank account; the card issuer indicates funds are available in the cardholder's account for payment.
- Credit cards access a line of credit. The issuer ensures the cardholder has adequate funds against his/her line of credit with the issuer.

The authorization process is similar whether the card is accepted by an ATM, swiped or manually keyed into a terminal, or accepted by mail, telephone, or over the Internet.

Payments 101 (cont.)

Settlement

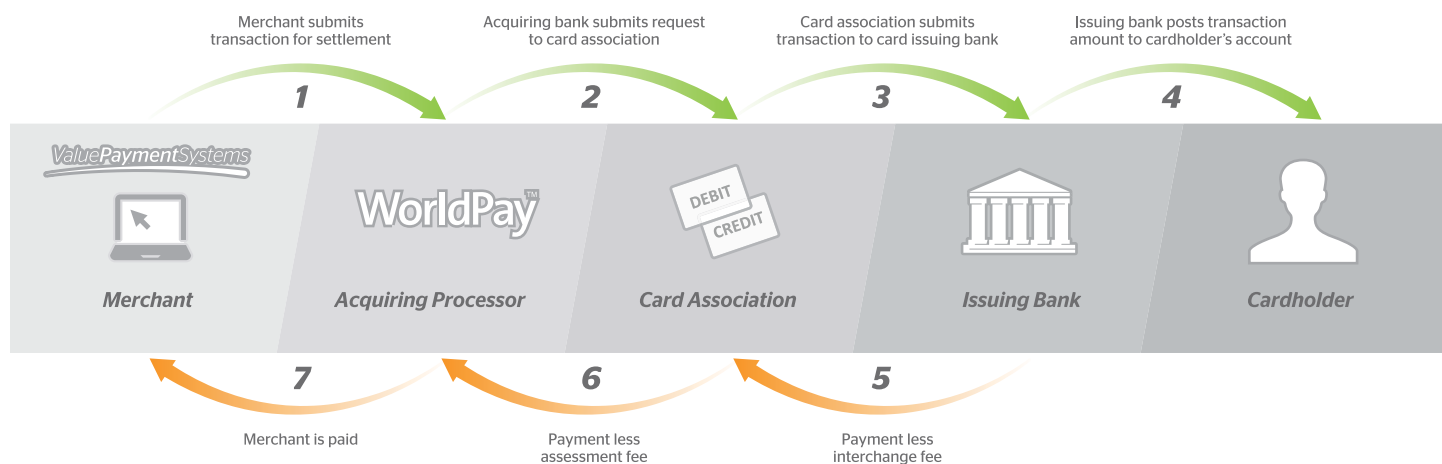
The settlement process is initiated when the merchant batches out their credit and debit transactions at the end of the day. All transaction audit files are processed to create settlement files. These files are forwarded to the various credit card associations.

The settlement process includes:

- Pulling together all the activity for a merchant and a terminal.
- Separating and grouping the transactions by the various networks.
- Creating reports and files for the acquirers' billing process, risk, and history.

The entire process depends on many factors to determine the interchange fee due to the various networks. The acquirer pays the networks on behalf of the merchant, and then bills the merchant to cover the cost.

The following diagram details the steps of a typical settlement:



When a merchant submits a transaction for settlement, it first goes to the acquiring bank (e.g., WorldPay), then the card Association, and then to the card issuing bank. The issuing bank posts the transaction amount (e.g., sale or refund) to the cardholder's account and pays the card association, less an interchange fee. The card association pays the acquirer less an assessment fee. Finally, the acquiring bank pays the merchant, less a transaction fee based on the merchant's billing schedule (i.e., daily or end-of-month) by ACH or wire transfer. The cardholder receives a monthly statement from his or her issuing bank that displays the transaction amount.

Case Study

With consumers in general expressing a preference for paperless e-billing—and e-billing usage increasing year by year—VPS' low-cost fixed debit card and variable credit card convenience fees are proving a hit with both taxpayers and government.

Gwinnett County, GA

Gwinnett is a fast-growing county of some 825,000 residents northeast of Atlanta, GA. In 2012, the Tax Commissioner's office set a goal to increase online payment for property tax. In 2011, 4.5 percent of all payment transactions were conducted online. Online payment options were credit card and e-check.

In June 2011, VPS contracted with the County to handle their online credit card processing for property taxes. VPS developed an e-payment solution, in conjunction with Manatron (a global leader in providing integrated property tax and land administration software for governments worldwide.)

By the end of June, the VPS application went live.

Adoption of the e-payment option increased through the remainder of the year, peaking in the deadline month of December with 2,391 credit card payments—about 68% of the total e-payments made during the 6-month run from June to December.

VPS Promotional Support, August 2012

VPS drew up a comprehensive marketing campaign for Gwinnett to encourage online payment that included:

- + distribution of a flyer to customers at all payment locations
- + online advertising
- + telephone on-hold message for callers
- + newsletter ad

Paula Martin, Public Information Manager, Gwinnett Tax Commissioner's Office worked with VPS marketing staff to design the promotional materials.

Beginning in August, Gwinnett introduced its marketing campaign. In September, the debit card option went live, with a fixed convenience fee of \$3.95.

Compared to the 2.29% variable credit card fee, the fixed debit option can significantly cut the cost of online payment for taxpayers. (Promotional efforts did not include the debit card option.)

E-Payments on the Rise

By the end of 2012, following the August-to-December efforts promoting online payment, 6.6 percent of all payments were made online. In 2011, 4.5 percent of all payments were made online.

Case Study (cont.)

During the critical deadline month of December 2012, the County received a total of 3,376 online payments—both credit and debit card payments—an increase of nearly 71% over the deadline month in 2011.

The newly-introduced debit card option accounted for nearly 29% of the total online payments.

Early Conclusions

Today, online tax payment by Gwinnett County residents still represents a relatively small percentage of total tax payments received. But, says Martin, the overall increase in online payments more than met their stated goal.

The County remains focused on the advantages of e-billing—increased cash flow from more timely payments, and growing taxpayer preference for e-payment options.

Their thinking is supported by the growth in e-billing generally, and especially in anytime, anywhere consumer access to billing information. Mobile capabilities—via tablet and smartphone—will further encourage consumers to pay bills and access their financial information online.

“We’re looking to build on the success of our promotional efforts encouraging online payment,” says Martin, “with VPS support.” Direct mail and email promotion to County taxpayers should be an effective next step. Paperless promotion, including email reminders to pay bills, could prove very effective also, and far less costly than traditional paper mailings.

VPS continues working with Gwinnett County to increase adoption of their e-payment solution.

Discussion

How Can Electronic Payment Acceptance Help You?

Does your entity accept electronic payments today?

- If yes, are there aspects of your existing acceptance methods that you would like to improve?
- If no, what has stopped you?

Do you feel the cost of accepting credit cards is prohibitive?

Do you still accept paper checks?

How do you process in-person (card present) payments?

Do you accept payments over the phone?

- If so, is this through an interactive voice response system or live agent?

Notes

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Leveraging the State's QPA

What to do

If you are interested in learning more about the QPA, and/or would like to start the process of utilizing the QPA in your entity, simply follow the steps below to get started.

1. Contact IDOA Program Manager - Gina Kerr

- a. Gina will work with you to identify your entities payment acceptance needs.
- b. Gina will contact Value Payment Systems to initiate an Implementation Project.

2. VPS Conference Call (Scope)

- a. VPS will host a call to discuss your requirements, review the payment solutions, and define the implementation timeline.
- b. VPS will assign a Implementation Project Manager.

3. Statement of Work & Participation Addendum

- a. A SOW will be completed to define your requirements and ensure timely and accurate implementation.
- b. A Participation Addendum will be completed to allow you to utilize the QPA and receive all of the state's benefits under the agreement.

4. Implementation

- a. The SOW and Project Plan will be executed.

5. QBR

- a. As a participating entity, you will be asked to complete the KPI Scorecard on a quarterly basis to measure VPS performance.

Resources

Card Association Data Security

Each payment brand has information regarding data security and compliance standards on their websites.

- American Express: www.americanexpress.com/datasecurity
- Discover Financial Services: www.discovernetwork.com/merchants/
- JCB International: www.partner.jcbcard.com/security/jcbprogram/index.html
- MasterCard Worldwide: www.mastercard.com/sdp
- Visa Inc.: www.visa.com/cisp

IDOA Value Payment Systems QPA

For more information on the QPA, see www.in.gov/idoa/2835.htm

Value Payment Systems QPA Information Site

www.valuepaymentsystems.com/indiana/qpa/